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TO RUEHC/SECSTATE WASHDC PRIORITY 6150  
INFO RUEHRI/AMCONSUL RIO DE JANEIRO 2533  
RUEHSO/AMCONSUL SAO PAULO 7558  
RUEHRG/AMCONSUL RECIFE 5169  
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TAGS: [SENV](#) [TBIO](#) [ETRD](#) [KSCA](#) [BR](#)

SUBJECT: SOYBEAN BOYCOTT IN THE AMAZON REGION:

¶1. Summary: Multinational soy traders agreed to a two-year moratorium on the purchase of soybeans from newly deforested land starting in the 2006-07 crop season. A remarkable feature is that even soybeans grown on land legally cleared during this period on farms in the Amazon forest zone will not be purchased by these traders. The agreement followed a Greenpeace report claiming that the grain's cultivation is responsible for the deforestation of new lands in the Amazon. U.S. distributors Cargill, Archer Daniels Midland Co. and Bunge Ltd., as well as France's Dreyfus and Brazilian-owned Amaggi are all taking part in the boycott. End Summary

¶2. Greenpeace, together with McDonald's and leading European food retailers, formed an alliance to persuade soybean traders to stop deforestation in the Amazon. This alliance brought the big soy traders to the negotiating table, since the majority of the Brazilian soy production goes to Europe and is being used to feed chickens, pigs and cattle for meat production.

¶3. Soy is the leading cash crop in Brazil and some studies suggest that it is a principal driver of Amazon deforestation, along with cattle ranching and illegal logging. According to Brazilian Association of Oilseed Industries (Abiove), 4.9% of the country's soy production takes place in the Amazon covering nearly 2.84 million acres.

¶4. The Brazilian Agricultural Ministry is worried about this decision and believes that this could be a non-tariff export barrier on the Brazilian crop. On the other hand, Greenpeace responded by saying the moratorium will remain until there is an agreement with the Brazilian government and key stakeholders on long-term protection for the Amazon Rainforest. Greenpeace Director in the Amazon, Paulo Adario, was quoted as saying that two years is too short of a time for results to be seen and a verbal agreement with the agribusiness sector assures the revision of the time-span in ¶2008.

¶5. Comment: While laudable in spirit, certain questions remain to be answered. First and foremost is the capacity for the distributors to monitor and enforce the ban, as no mechanism exists to prohibit co-mingling of crops or track deforestation on a farm-by-farm basis. Moreover, despite Greenpeace's claims that soy is definitively linked to deforestation, many purport that the evidence is unsubstantiated. Until this question is answered, the efficacy of the program remains uncertain. End Comment

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